MESA RIDGE METROPOLITAN DISTRICT NO. 2
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

MESA RIDGE METROPOLITAN DISTRICT NO. 2
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YEAR ENDED DECEMBER 31, 2022

BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mesa Ridge Metropolitan District No. 2
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mesa Ridge Metropolitan District No. 2 ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 28, 2023

BASIC FINANCIAL STATEMENTS

MESA RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,217
Cash and Investments - Restricted	655,927
Accounts Receivable - County Treasurer	5,431
Property Taxes Receivable	637,379
Total Assets	1,299,954
LIABILITIES	
Intergovernmental Accounts Payable	2,495
Accrued Interest on Bonds	36,325
Noncurrent Liabilities:	
Due in One Year	90,000
Due in More Than One Year	7,175,000
Total Liabilities	7,303,820
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	637,379
Total Deferred Inflows of Resources	637,379
NET POSITION	
Restricted For:	
Debt Service	598,755
Unrestricted	(7,240,000)
Total Net Position	$ (6,641,245)

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 166,212	$ -	$ -	$ -	$ (166,212)
Interest and Related Costs on Long-Term Debt	447,903	-	-	-	(447,903)
Total Governmental Activities	$ 614,115	$ -	$ -	$ -	(614,115)
GENERAL REVENUES					
Property Taxes					639,017
Specific Ownership Taxes					66,425
Net Investment Income					15,088
Total General Revenues					720,530
CHANGE IN NET POSITION					106,415
Net Position - Beginning of Year					(6,747,660)
NET POSITION - END OF YEAR					$ (6,641,245)

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 1,217	$ -	$ 1,217
Cash and Investments - Restricted	-	655,927	655,927
Receivable from County Treasurer	1,278	4,153	5,431
Property Taxes Receivable	150,352	487,027	637,379
Total Assets	$ 152,847	$ 1,147,107	$ 1,299,954
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Intergovernmental Accounts Payable	$ 2,495	$ -	$ 2,495
Total Liabilities	2,495	-	2,495
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	150,352	487,027	637,379
Total Deferred Inflows of Resources	150,352	487,027	637,379
FUND BALANCES			
Restricted for:			
Debt Service	-	660,080	660,080
Total Fund Balances	-	660,080	660,080
Total Liabilities and Fund Balances	$ 152,847	$ 1,147,107	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:			
Accrued Interest on Bonds Payable			(36,325)
Bonds Payable			(7,265,000)
Net Position of Governmental Activities			$ (6,641,245)

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ 54,291	$ 488,649	$ 542,940
Property Taxes - Contractual	96,077	-	96,077
Specific Ownership Tax	15,631	50,794	66,425
Net Investment Income	213	14,875	15,088
Total Revenues	166,212	554,318	720,530
EXPENDITURES			
Current:			
County Treasurer's Fees	814	7,328	8,142
County Treasurer's Fees - Contractual	1,441	-	1,441
Intergovernmental Expenditures - Mesa Ridge No. 1	69,321	-	69,321
Intergovernmental Expenditures - Cross Creek	94,636	-	94,636
Debt Service:			
Bond Principal	-	85,000	85,000
Bond Interest	-	441,000	441,000
Total Expenditures	166,212	533,328	699,540
NET CHANGE IN FUND BALANCES	-	20,990	20,990
Fund Balances - Beginning of Year	-	639,090	639,090
FUND BALANCES - END OF YEAR	$ -	$ 660,080	$ 660,080

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Governmental Funds	$ 20,990
Amounts reported for governmental activities in the statement of activities are different because:	
Long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Current Year Bonds Principal Payment	85,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Bonds Payable - Change in Liability	425
Changes in Net Position of Governmental Activities	$ 106,415

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 54,276	$ 54,291	$ 15
Property Taxes - Contractual	96,051	96,077	26
Specific Ownership Tax	15,033	15,631	598
Other Income	9,640	-	(9,640)
Net Investment Income	-	213	213
Total Revenues	175,000	166,212	(8,788)
EXPENDITURES			
General and Administrative:			
County Treasurer's Fees	814	814	-
County Treasurer's Fees - Contractual	1,441	1,441	-
Intergovernmental Expenditures - Mesa Ridge No. 1	68,495	69,321	(826)
Intergovernmental Expenditures - Cross Creek	94,610	94,636	(26)
Contingency	9,640	-	9,640
Total Expenditures	175,000	166,212	8,788
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Mesa Ridge Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court of El Paso County on September 20, 2004, concurrently with Mesa Ridge Metropolitan District No. 1 (District No. 1) (collectively, the Districts). The Districts were formed under a Joint Service Plan approved by the city of Fountain (the City) and are governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' service area is located entirely within the City. District No. 1 is responsible for managing the design, construction, and operation of the public facilities and improvements and will be deemed to be the "Managing District." The District is responsible for providing funding to support costs related to services and improvements utilizing the tax base, fees, and charges and will be deemed to be the "Financing District" in order to generate the necessary revenues. Under the Service Plan, the Districts provide the following services: water, wastewater, street improvements, safety protection, parks and recreation, mosquito control, television relay and translation, transportation, and drainage.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees, and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	$ 1,217
Cash and Investments - Restricted	655,927
Total Cash and Investments	$ 657,144

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2022 consists of the following:

Investments	$ 657,144

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District had no cash deposits with financial institutions.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

. Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
. General obligation and revenue bonds of U.S. local government entities
. Certain certificates of participation
. Certain securities lending agreements
. Bankers' acceptances of certain banks
. Commercial paper
. Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2022, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	$ 657,144

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor’s. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022	Due within One Year
Limited Tax General Obligation					
Bonds Series 2015	$ 3,630,000	$ -	$ 75,000	$ 3,555,000	$ 80,000
Bonds Series 2021	3,720,000	-	10,000	3,710,000	10,000
Total	$ 7,350,000	$ -	$ 85,000	$ 7,265,000	$ 90,000

General Obligation Bonds

On March 26, 2015, the District issued $4,000,000 of Limited Tax General Obligation Bonds, Series 2015 (Series 2015 Bonds). The Series 2015 Bonds bear interest at the rate of 6% per annum, payable semiannually on June 1 and December 1, commencing on June 1, 2015. Principal payments are due on December 1, commencing on December 1, 2015. The Series 2015 Bonds mature on December 1, 2044. The Series 2015 Bonds are subject to redemption prior to maturity, at the option of the District, on or after December 1, 2024, upon payment of par and accrued interest, without redemption premium.

On March 5, 2021, the District issued $3,720,000 of Limited Tax General Obligation Bonds, Series 2021 (Series 2021 Bonds). The Series 2021 Bonds bear interest at the rate of 6% per annum, payable annually on December 1. The first principal and interest payments were due on December 1, 2021. The Series 2021 Bonds mature on December 1, 2050. The Series 2021 Bonds are subject to redemption prior to maturity, at the option of the District after December 1, 2030, upon payment of par and accrued interest, without redemption premium.

The bonds are secured by Pledged Revenue, which consists of the Limited Mill Levy, the portion of specific ownership taxes attributable to the Limited Mill Levy, and any other revenues of the District legally available to pay principal of and interest on the bonds which are not required to pay the District's operations and maintenance costs. The Limited Mill Levy is an ad valorem mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the bonds, but not in excess of 45.000 mills. For 2022, the adjusted Limited Mill Levy was adjusted to 50.097.

Proceeds of the bonds were used (1) to pay for improvements of the District in accordance with the Joint Financing and Reimbursement Agreement between the District, District No. 1, and the Developer, (2) fund the Reserve Fund Requirement in the amount of $25,000, and (3) pay the costs of issuance of the bonds.

Events of Default for the Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution;

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

Events of Default for the Bonds (Continued)

ii. The District defaults in the performance or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.

iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due shall not, of itself, constitute an event of Default under the Indenture.

Remedies on Occurrence of Event of Default for the Revenue Bonds Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

i. Mandamus or Other Suit: The Owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2022, the District was not in default.

The District's long-term obligations mature as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 90,000	$ 435,900	$ 525,900
2024	115,000	430,500	545,500
2025	120,000	423,600	543,600
2026	125,000	416,400	541,400
2027	135,000	408,900	543,900
2028-2032	805,000	1,912,800	2,717,800
2033-2037	1,070,000	1,641,600	2,711,600
2038-2042	1,435,000	1,279,200	2,714,200
2043-2047	1,920,000	794,100	2,714,100
2048-2050	1,450,000	177,300	1,627,300
Total	$ 7,265,000	$ 7,920,300	$ 15,185,300

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 2, 2004, the District's electorate authorized the issuance of indebtedness in an amount not to exceed $17,250,000 for infrastructure improvements and operations and maintenance at an interest rate not to exceed 16% and $20,000,000 for refunding the District's debt or other obligations. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts and allocated for the following purposes:

	Authorized November 2, 2004 Election	Authorization Used - Series 2015	Authorization Used - Series 2021	Remaining at December 31, 2022
Streets	$ 7,000,000	$ 4,000,000	$ 1,720,000	$ 1,280,000
Water	2,000,000	-	1,000,000	1,000,000
Sanitary Sewer and Storm Drainage	2,000,000	-	1,000,000	1,000,000
Traffic and Safety Controls	1,000,000	-	-	1,000,000
Parks and Recreation	3,000,000	-	-	3,000,000
Mosquito Control	1,000,000	-	-	1,000,000
Television Relay and Translation	1,000,000	-	-	1,000,000
Public Transportation	250,000	-	-	250,000
Operations and Maintenance	500,000	-	-	500,000
Refunding of Debt	20,000,000	-	-	20,000,000
Total	$ 37,750,000	$ 4,000,000	$ 3,720,000	$ 30,030,000

Pursuant to the Joint Service Plan, the Districts can issue bond indebtedness of up to $35,000,000. In addition, the maximum debt service mill levy for the Districts is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the Districts. As of December 31, 2022, the calculated adjusted debt service mill levy was 50.097 mills of which the District levied 50.097 mills for collection in 2022 and 51.514 mills for collection in 2023.

In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' service area.

NOTE 5 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

The restricted component of net position includes net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of $598,755 for debt service as of December 31, 2022.

NOTE 5 NET POSITION (CONTINUED)

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the payment of debt issued for public improvements, while the funds from the debt issuance were transferred to District No. 1 for use in repayment of capital advances incurred by District No. 1 pursuant to the Joint Financing and Reimbursement Agreement (see below).

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District is Nor'wood Development Group. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District. The Developer is also the owner of the District's Series 2015 bonds and Series 2021 bonds.

NOTE 7 INTERGOVERNMENTAL AGREEMENT

Joint Financing and Reimbursement Agreement

On March 30, 2011, the District entered into a Joint Financing and Reimbursement Agreement (the Agreement) with District No. 1 and the Developer. Under the Agreement, any advances made by the Developer shall be made payable to District No. 1, which is coordinating the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of public improvements. All advances made to District No. 1 shall bear simple interest at the rate of seven percent (7%) per annum, calculated from January 1 of the year immediately following the year in which the advances were made. During 2015, the District issued $4,000,000 of Limited Tax General Obligation Bonds and transferred $3,942,500 to District No. 1. During 2021, the District issued $3,720,000 of Limited Tax General Obligation Bonds and transferred $3,720,000 to District No. 1 under the Agreement.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 8 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Pursuant to provisions in the Joint Service Plan, the District transfers all available General Fund revenue to District No. 1. Therefore, no Emergency Reserve related to this revenue stream is captured in the District but is instead accounted for in District No. 1.

On November 2, 2004, the District's voters authorized the District to increase property taxes $500,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses.

Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 10 SUBSEQUENT EVENTS

On April 28, 2023, the District issued $2,000,000 of Limited Tax General Obligation Bonds, Series 2023 (2023 Bonds) for the purpose of financing public improvements and paying the cost of issuance of the 2023 Bonds.

SUPPLEMENTARY INFORMATION

MESA RIDGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 488,515	$ 488,649	$ 134
Specific Ownership Tax	48,852	50,794	1,942
Net Investment Income	4,046	14,875	10,829
Total Revenues	541,413	554,318	12,905
EXPENDITURES			
Debt Service:			
Bond Interest - Series 2015	217,800	217,800	-
Bond Interest - Series 2021	223,200	223,200	-
Bond Principal - Series 2015	75,000	75,000	-
Bond Principal - Series 2021	10,000	10,000	-
County Treasurer's Fees	7,328	7,328	-
Total Expenditures	533,328	533,328	-
NET CHANGE IN FUND BALANCE	8,085	20,990	12,905
Fund Balance - Beginning of Year	663,518	639,090	(24,428)
FUND BALANCE - END OF YEAR	$ 671,603	$ 660,080	$ (11,523)

OTHER INFORMATION

MESA RIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022

	$4,000,000 Limited Tax General Obligation Bonds Series 2015 Dated March 26, 2015 Interest Rate of 6.0% Due June 1 and December 1 Principal Due December 1		
Year Ended December 31,	Principal	Interest	Total
2023	$ 80,000	$ 213,300	$ 293,300
2024	85,000	208,500	293,500
2025	90,000	203,400	293,400
2026	95,000	198,000	293,000
2027	105,000	192,300	297,300
2028	110,000	186,000	296,000
2029	115,000	179,400	294,400
2030	125,000	172,500	297,500
2031	130,000	165,000	295,000
2032	140,000	157,200	297,200
2033	145,000	148,800	293,800
2034	155,000	140,100	295,100
2035	165,000	130,800	295,800
2036	175,000	120,900	295,900
2037	185,000	110,400	295,400
2038	195,000	99,300	294,300
2039	210,000	87,600	297,600
2040	220,000	75,000	295,000
2041	235,000	61,800	296,800
2042	250,000	47,700	297,700
2043	265,000	32,700	297,700
2044	280,000	16,800	296,800
Total	$ 3,555,000	$ 2,947,500	$ 6,502,500

MESA RIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022

	$3,720,000 Limited Tax General Obligation Bonds Series 2021 Dated March 5, 2021 Interest Rate of 6.0% Principal and Interest Due December 1		
Year Ended December 31,	Principal	Interest	Total
2023	$ 10,000	$ 223,200	$ 233,200
2024	30,000	222,000	252,000
2025	30,000	220,200	250,200
2026	30,000	218,400	248,400
2027	30,000	216,600	246,600
2028	35,000	214,800	249,800
2029	35,000	212,700	247,700
2030	35,000	210,600	245,600
2031	40,000	208,500	248,500
2032	40,000	206,100	246,100
2033	45,000	203,700	248,700
2034	45,000	201,000	246,000
2035	50,000	198,300	248,300
2036	50,000	195,300	245,300
2037	55,000	192,300	247,300
2038	60,000	189,000	249,000
2039	60,000	185,400	245,400
2040	65,000	181,800	246,800
2041	70,000	177,900	247,900
2042	70,000	173,700	243,700
2043	75,000	169,500	244,500
2044	80,000	165,000	245,000
2045	385,000	160,200	545,200
2046	405,000	137,100	542,100
2047	430,000	112,800	542,800
2048	455,000	87,000	542,000
2049	485,000	59,700	544,700
2050	510,000	30,600	540,600
Total	$ 3,710,000	$ 4,972,800	$ 8,682,800

MESA RIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022

	Total Debt Due June 1 and December 1 Principal Due December 1		
Year Ended December 31,	Principal	Interest	Total
2023	$ 90,000	$ 435,900	$ 525,900
2024	115,000	430,500	545,500
2025	120,000	423,600	543,600
2026	125,000	416,400	541,400
2027	135,000	408,900	543,900
2028	145,000	400,800	545,800
2029	150,000	392,100	542,100
2030	160,000	383,100	543,100
2031	170,000	373,500	543,500
2032	180,000	363,300	543,300
2033	190,000	352,500	542,500
2034	200,000	341,100	541,100
2035	215,000	329,100	544,100
2036	225,000	316,200	541,200
2037	240,000	302,700	542,700
2038	255,000	288,300	543,300
2039	270,000	273,000	543,000
2040	285,000	256,800	541,800
2041	305,000	239,700	544,700
2042	320,000	221,400	541,400
2043	340,000	202,200	542,200
2044	360,000	181,800	541,800
2045	385,000	160,200	545,200
2046	405,000	137,100	542,100
2047	430,000	112,800	542,800
2048	455,000	87,000	542,000
2049	485,000	59,700	544,700
2050	510,000	30,600	540,600
Total	$ 7,265,000	$ 7,920,300	$ 15,185,300

MESA RIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percentage Collected to Levied
		General	Contractual	Debt Service	Levied	Collected	
2018	$ 6,918,070	5.528	0.000	45.750	$ 382,417	$ 382,417	100.00 %
2019	7,031,850	5.517	0.000	49.650	387,926	387,926	100.00
2020	8,439,500	5.559	9.850	50.032	552,289	552,005	99.95
2021	8,749,200	5.556	9.850	50.097	573,186	573,187	100.00
2022	9,751,380	5.556	9.850	50.097	638,842	639,017	100.03
Estimated for the Year Ending December 31, 2023	$ 9,454,280	5.723	10.180	51.514	$ 637,379		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.